

April 8, 2003

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**OPPOSE THE INCLUSION OF CHILD DEVELOPMENT PROGRAMS IN THE  
REALIGNMENT OF STATE-ADMINISTERED SERVICES TO COUNTIES  
(ALL DISTRICTS) (3-VOTES)**

**JOINT RECOMMENDATION WITH THE POLICY ROUNDTABLE FOR CHILD CARE  
AND THE CHILD CARE PLANNING COMMITTEE THAT YOUR BOARD:**

1. Adopt an oppose position to California Governor Gray Davis' proposal to include child development programs currently administered by the California Department of Education, Child Development Division (CDE/CDD), in services that are realigned to counties.
2. Communicate this opposition, in writing, to Governor Davis and members of the California Legislative delegation.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of this recommended action is to articulate the position that the administration of child development programs should remain with CDE/CDD.

**FISCAL IMPACT/FINANCING**

Under the current realignment proposal, the County of Los Angeles could be given responsibility for administering over \$603 million in child development contracts serving an estimated 88,821 children. There are currently 159 organizations in the County of Los Angeles holding one or more contracts with CDE/CDD to provide child development services.

CDE/CDD currently administers these child development programs Statewide at less than one percent of program costs. It is unclear at this time which County entity would be charged with administering these programs, and how compliance with Federal and other regulations would be achieved. The majority of these programs are operating at full capacity and interruptions in services would be problematic for thousands of families in the County of Los Angeles.

### **FACTS AND PROVISIONS**

In his 2003-04 Budget, Governor Davis proposes to realign a variety of State-administered programs to counties, including:

- Mental Health and Substance Abuse Programs currently administered by the California Department of Mental Health and the California Department of Alcohol and Drug Programs (ADP);
- Child Welfare Programs currently administered by the California Department of Social Services (CDSS);
- Child Development Programs currently administered by CDE/CDD;
- Healthy Community Programs currently administered by the California Department of Health Services and CDSS;
- Long-Term Care and an assortment of social service programs currently administered by CDSS; and
- Court Security currently administered by Trial Courts.

Governor Davis asserts that realigning these programs to counties would save the State General Fund \$8.1 billion. Revenue to support county operation of the realigned programs would be provided to counties in block grants, and raised by increasing or adding the following new taxes:

- Increasing the State sales tax by one percent;
- Adding ten and 11 percent personal income tax brackets; and
- Increasing the excise tax by \$1.10 on cigarettes and other tobacco products.

Because these revenues are proposed to be dedicated to counties and have no impact on the State General Fund, Governor Davis believes they are exempt from Proposition 98. On February 26, 2003, however, Legislative Counsel released a different opinion, stating that the proposed revenues would be included in the Proposition 98 school funding obligation.

Of the \$8.1 billion in program revenues to be realigned, \$968 million would come from Proposition 98 for subsidized child care services. In addition, counties would receive \$863 million in Federal child care funds in Fiscal Year 2003-04.

In the County of Los Angeles, there are 159 organizations administering subsidized child care contracts with CDE/CDD. These contracts, which total over \$603 million, make child care services available to low-income parents who are employed, in school, or whose children have been identified as at-risk of abuse or neglect. Locally, these dollars support the following types of child care services:

- Over \$357 million is used for voucher programs;
- Over \$237 million is used for center-based programs; and
- Over \$9 million is used to assist parents in their search for child care, address retention of qualified child care staff, and support child development-related planning.

### **IMPACT ON CURRENT SERVICES**

On February 6, 2003, the County of Los Angeles Policy Roundtable for Child Care (Roundtable) and the Child Care Planning Committee (Planning Committee) co-sponsored a consensus-building meeting for the local child care community. Over 150 individuals and 25 local agencies and organizations expressed opposition to Governor Davis' realignment proposal. The Roundtable, Planning Committee, and many community partners believe the proposed realignment of child development services could negatively impact what is already an under-funded system, by creating dependence on uncertain revenues. In addition, realignment could effectively undermine efforts to equalize access to subsidized child care services throughout California. The specific concerns include the following:

1. Governor Davis' proposal contributes to a budget solution by removing child development services from Proposition 98 funding protection, and attempting to circumvent the school funding obligation of that Proposition with new revenue sources. **There is grave concern that the proposed revenue streams will not keep pace with the demand for services, and that child development services would be seriously disadvantaged in competing against traditional entitlement programs for limited Block Grant resources.**

2. Nearly one-half (approximately 46 percent) of the child care funds in the County of Los Angeles come from the Federal Child Care and Community Development Block Grant and the Temporary Assistance to Needy Families funds, and are subject to Federal rules and regulations. **It is unclear how Statewide compliance to Federal regulations would be achieved under realignment.**
3. It is unlikely that counties will be able to maintain the CDE/CDD administrative rate, which is reported to be less than one percent (.06%) of total program costs. **Unlike many other services proposed for realignment, there is no local infrastructure in place at the County level to assume responsibility for administration of the hundreds of contracts which currently provide child development services.** These contracts address the provision of services to children from six weeks to 14 years of age, in over 400 child development centers and through various voucher programs. If administrative costs increase, fewer resources will be available to support the direct service needs of children and families.
4. The current emphasis on promoting young children's school readiness will not be well served by severing ties with CDE/CDD, including the following key points:
  - a. As a result of recommending that only the State Preschool Program remain with CDE/CDD, Governor Davis has implied that all other child care development programs are custodial in nature. **Research has demonstrated the social and cognitive benefits of high-quality, full-day child development services.**
  - b. CDE/CDD-funded child development centers are subject to State Title 5 regulations of the Education Code. These regulations require higher levels of education and lower staff-to-child ratios than Title 22 regulations, which are included in the Health and Safety Code. **It is uncertain if Title 5 standards would be maintained under realignment, and Governor Davis has already proposed to significantly reduce the frequency of licensing inspections required by Title 22.**
  - c. CDE/CDD has launched a new system for assessing child development program outcomes and methods for bridging the child development and elementary education systems. **These systems are relevant to programs throughout California. The responsibility for conducting quality assurance assessments should not be decentralized and reinvented by each county.**

- d. Higher education is a critical partner in solving the staffing shortage in child development programs. CDE/CDD has established Statewide programs to facilitate the recruitment and retention of child care teachers, including the Community College Child Development Training Program and the Mentor Teacher Program. **It would not be cost-effective or efficient for each county to reinvent these programs.**

## **CONCLUSION**

CDE/CDD has administered child development services in California for over 60 years and, throughout that time, has maintained an appropriate focus on the needs of young children. The evolution of programs has, however, resulted in a complex system including more than a dozen types of contracts, each serving a different target population with varying eligibility requirements. We believe administrative efficiencies could and should be implemented by CDE/CDD on a centralized basis.

While acknowledging that improvements to the current system of subsidized child care administration are needed, the Roundtable and Planning Committee believe that CDE/CDD administration of these services provides a level of funding security under Proposition 98, and appropriate programmatic support. Further, local child care planning councils have become an effective mechanism for communicating local child care needs and recommending methods for allocating centrally-administered resources. Realignment of child development programs to counties is not anticipated to benefit counties, children, parents, or communities.

Respectfully submitted,

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Chair, Policy Roundtable for Child Care

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Chair, Child Care Planning Committee

ET:BLB:KMS

c: Auditor-Controller